

ASX Announcement

29 June 2020

Pioneer Credit Limited - Refinancing Update

Further to its recent announcements, Pioneer Credit Limited (ASX: PNC) ('Pioneer' or the 'Company') provides the following update on the proposed refinancing of its debt facilities.

Pioneer is currently in the process of undertaking a refinancing to replace its existing senior debt facilities. Negotiations continue to progress with relevant parties.

As part of the proposed refinancing, Pioneer is proposing amendments to the terms of its secured and subordinated A\$40 million medium term notes (**Notes**), which requires the consent of the holders of the Notes ('**Noteholders**') by way of a circulating resolution, which was despatched to Noteholders on the afternoon of 26 June 2020.

The key proposed amendments to the terms of the Notes, which are subject to the proposed refinancing occurring, include:

- increasing the Margin by 200 bps from +5.25% per annum to +7.25% per annum;
- extending the Maturity Date for the Notes by 12 months, to 22 March 2023;
- amending and increasing the total net debt to loan book value ratio covenant, from 70% to 82.5% until 31 March 2022, reducing to 77.5% thereafter; and
- revising the optional Note redemption dates that can be exercised by Pioneer at the face value of the Notes at the end of each quarter.

Noteholders will also receive a consent fee of 0.5% of the outstanding principal amount of each Note they hold if they vote in favour of the required circulating resolution, subject to the resolution passing and the replacement senior funding package successfully closing.

PORTFOLIO UPDATE

Pioneer has grown its PDP portfolio to \$268.8 million¹ as at 31 May 2020 and has moved quickly to minimise any impact from COVID-19 with implementation of a range of measures.

As foreshadowed to the market, Pioneer has seen a reduction in PDP liquidations in May and June 2020 over the prior corresponding periods, offset by solid improvement in the growth of its Payment Arrangement portfolio over the same period. While PDP investment has temporarily reduced due to the pause of most debt sale programmes during the COVID-19 period, Pioneer continues to work with a range of vendors regarding a return to normal levels of investment in the short-term. The proposed replacement senior funding package will ensure

¹ Based on unaudited management accounts and applying consistent accounting methodologies to the 31 December 2019 reviewed numbers.

Pioneer is well placed to capitalise on PDP investment opportunities as debt sales resume in the coming months.

	30 June 2019	31 December 2019 ^A	31 May 2020 ^B
Cash and cash equivalents	\$11.2m	\$2.2m	\$6.3m
PDP – Amortised Cost	\$249.8m	\$264.8m	\$268.8m
PDP – Fair Value	\$275.6m	\$286.8m	\$291.1m
PA book	\$289.7m	\$334.0m	\$342.1m
PDP liquidations	\$118.5m ^C	\$52.5m ^D	~\$101.0 ^E

A: Reviewed by Deloitte Touche Tohmatsu Limited, Pioneer's external auditor.

B: Based on unaudited management accounts and applying consistent accounting methodologies to the 31 December 2019 reviewed numbers.

C: Financial year ended 30 June 2019

D: Half year ended 31 December 2019

E: Financial year ending 30 June 2020 Forecast

As the proposed refinancing of the Company's existing senior debt facilities is not certain and the proposed amendments to the terms of its Notes have not been approved (subject to the refinancing occurring), the Company requests that the current suspension of its shares remain in place. As announced to the market on 4 June 2020, this is expected to occur before the expiry of the standstill period on 17 July 2020.

The Company will update the market with any material developments as they occur.

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About Pioneer

Pioneer Credit is an ASX-listed company (ASX: PNC) providing high quality, flexible, financial services support to help everyday Australians out of financial difficulty. Pioneer Credit has the trust of long-term vendor partners to do the right thing and respectfully support customers to achieve their financial independence.

Pioneer Credit has established a solid foundation to pursue further growth by leveraging its outstanding industry relationships, compliance record and customer-focused culture.

www.pioneercredit.com.au